

HOUSE BILL 1177

G2, L1, L3

2lr2405
CF 2lr2676

By: **Delegates Haddaway–Ricchio, Barkley, Eckardt, Holmes, and Lafferty**

Introduced and read first time: February 10, 2012

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Ethics – Financial Disclosure by Local Elected Officials**

3 FOR the purpose of authorizing a county or municipal corporation to limit elected local
4 officials' required disclosures of interests in certain business entities to include
5 only those business entities that do business in the county or municipal
6 corporation; and generally relating to the requirements for financial disclosure
7 by local elected officials.

8 BY repealing and reenacting, without amendments,
9 Article – State Government
10 Section 15–607(c)
11 Annotated Code of Maryland
12 (2009 Replacement Volume and 2011 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article – State Government
15 Section 15–805
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2011 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – State Government**

21 15–607.

22 (c) (1) The statement shall include a schedule of each interest held by the
23 individual in a corporation, partnership, limited liability partnership, or limited
24 liability company, whether or not the corporation, partnership, limited liability
25 partnership, or limited liability company does business with the State.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) For each interest reported, the schedule shall include:

2 (i) the name and address of the principal office of the
3 corporation, partnership, limited liability partnership, or limited liability company;

4 (ii) subject to paragraph (3) of this subsection, the nature and
5 amount of the interest held, including any conditions to and encumbrances on the
6 interest;

7 (iii) except as provided in paragraph (4) of this subsection, if any
8 interest was acquired during the applicable period:

9 1. the date and manner in which the interest was
10 acquired;

11 2. the identity of the entity from which the interest was
12 acquired;

13 3. if the interest was acquired by purchase, the nature
14 and amount of the consideration given for the interest; and

15 4. if the interest was acquired in any other manner, the
16 fair market value of the interest when it was acquired; and

17 (iv) if any interest was transferred, in whole or in part, during
18 the applicable period:

19 1. a description of the interest transferred;

20 2. the nature and amount of the consideration received
21 for the interest; and

22 3. if known, the identity of the entity to which the
23 interest was transferred.

24 (3) (i) As to an equity interest in a corporation, the individual may
25 satisfy paragraph (2)(ii) of this subsection by reporting, instead of a dollar amount:

26 1. the number of shares held; and

27 2. unless the corporation's stock is publicly traded, the
28 percentage of equity interest held.

29 (ii) As to an equity interest in a partnership, limited liability
30 partnership, or limited liability company, the individual may satisfy paragraph (2)(ii)

1 of this subsection by reporting, instead of a dollar amount, the percentage of equity
2 interest held.

3 (4) If an interest acquired during the applicable reporting period
4 consists of additions to existing publicly traded corporate interests acquired by
5 dividend or dividend reinvestment, and the total value of the acquisition is less than
6 \$500, only the manner of acquisition is required to be disclosed under paragraph
7 (2)(iii) of this subsection.

8 15–805.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) “Elected local official” includes:

11 (i) any individual who holds an elective office of a county or
12 municipal corporation; and

13 (ii) a candidate for elective office as a local official of a county or
14 municipal corporation.

15 (3) “Local official” includes an individual, designated as a local official,
16 whose position is funded wholly or partly by the State.

17 (b) (1) Except as provided in paragraph (2) of this subsection and
18 subsection (c) of this section, the financial disclosure provisions enacted by a county or
19 municipal corporation under § 15–803 of this subtitle shall be similar to the provisions
20 of Subtitle 6 of this title, but shall be modified to the extent necessary to make the
21 provisions relevant to the prevention of conflicts of interest in that jurisdiction.

22 (2) (I) **[The] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF**
23 **THIS PARAGRAPH, THE** financial disclosure provisions for elected local officials
24 enacted by a county or municipal corporation under § 15–803 of this subtitle shall be
25 equivalent to or exceed the requirements of Subtitle 6 of this title, but shall be
26 modified to the extent necessary to make the provisions relevant to the prevention of
27 conflicts of interest in that jurisdiction.

28 (II) **WHEN ENACTING FINANCIAL DISCLOSURE PROVISIONS**
29 **THAT ARE EQUIVALENT TO § 15–607(C) OF THIS TITLE, A COUNTY OR**
30 **MUNICIPAL CORPORATION MAY LIMIT THE DISCLOSURE OF A LOCAL ELECTED**
31 **OFFICIAL’S INTEREST IN A CORPORATION, PARTNERSHIP, LIMITED LIABILITY**
32 **PARTNERSHIP, OR LIMITED LIABILITY COMPANY, TO INCLUDE ONLY THOSE**
33 **CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY PARTNERSHIPS, OR**
34 **LIMITED LIABILITY COMPANIES THAT DO BUSINESS WITH THE COUNTY OR**
35 **MUNICIPAL CORPORATION.**

1 (c) (1) This subtitle does not compel the governing body of a county or
2 municipal corporation to require a local official to file a financial disclosure statement
3 except:

4 (i) when the personal interest of the local official will present a
5 potential conflict with the public interest in connection with an anticipated public
6 action of the local official; and

7 (ii) at least annually to report on gifts received by the local
8 official.

9 (2) The provisions shall require:

10 (i) that a statement filed under paragraph (1)(i) of this
11 subsection be filed sufficiently in advance of the action to provide adequate disclosure
12 to the public; and

13 (ii) a statement filed by an elected local official under subsection
14 (b)(2) of this section to be filed on or before April 30 of each year.

15 (d) Financial disclosure provisions applicable to a candidate shall be
16 consistent with the provisions applicable to an incumbent holding the office involved.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
18 June 1, 2012.